

Message Text

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ACTION AID-20

INFO OCT-01 EA-11 ISO-00 EUR-25 NEA-10 CEA-02 CIAE-00

COME-00 EB-11 FRB-02 INR-10 IO-14 NSAE-00 RSC-01

OPIC-12 SPC-03 TRSE-00 CIEP-02 LAB-06 SIL-01 OMB-01

XMB-07 SCEM-02 SCI-06 DODE-00 PM-07 H-03 L-03 NSC-10

PA-04 PRS-01 SS-20 USIA-15 ACDA-19 INT-08 DRC-01 /238 W

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EO 11652: N/A

TAGS: ENRG, DAC

SUBJ: COLOMBO PLAN: IMPACT OF ENERGY CRISIS ON LESS DEVELOPED COUNTRIES

1. DURING MINISTERIAL COLOMBO PLAN MEETING CANADIAN REP PROPOSED MEMBER COUNTRIES CONSIDER COOPERATIVE ECONOMIC ACTION TO DEVELOP THEIR NATURAL RESOURCES IN LIGHT OF THE ENERGY CRISIS.

2. US DELEGATE WILLIAMS STATED THAT IMPACT OF ENERGY CRISI ON DEVELOPING COUNTRIES IS CONCERN TO US AND MADE FOL POINTS:

(A) OIL SUPPLY CUT-BACKS WILL AFFECT DEVELOPING COUNTRIES NOT ONLY DIRECTLY BUT THROUGH INDIRECT EFFECT OF CUT-BACKS ON ECONOMIES OF DEVELOPED COUNTRIES. IF EUROPE, JAPAN AND NORTH AMERICA ARE FORCED INTO SERIOUS ECONOMIC SLOW-DOWN, ECONOMIES OF DEVELOPING COUNTRIES ALSO WILL SUFFER THROUGH RECESSION OF TRADE AND ECONOMIC ASSISTANCE.

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(B) OIL IMPORTING LESS DEVELOPED COUNTRIES ARE BECOMING MORE RELIANT ON OIL AS SOURCE OF ENERGY IN SOME RESPECTS THAN OLDER INDUSTRIALIZED COUNTRIES SINCE ALTERNATIVE SOURCES OF ENERGY ARE LESS DEVELOPED IN THE POOR COUNTRIES.

(C) RISING PRICES ARE OF PARTICULAR IMPORTANCE TO LESS DEVELOPED COUNTRIES WHOSE BALANCE OF PAYMENTS WILL BE SERIOUSLY BURDENED. WITHIN LAST YEAR OIL PRICES INCREASED BY 70-100 PERCENT. THIS WILL AMOUNT TO AN ADDITIONAL FUEL BILL FOR IMPORTING DEVELOPING COUNTRIES OF US DOLS 4-5 BILLION, OR AN EQUIVALENT OF 50-60 PERCENT OF PRESENT RATE OF DEVELOPMENT ASSISTANCE FROM THE DAC COUNTRIES.

3. WILLIAMS STRESSED THAT THE US WILL WANT TO AVOID ANY ACTIONS WHICH WOULD AGGRAVATE PROBLEM OF DEVELOPING COUNTRIES AND SUGGESTED THAT MATTER OF WORLD OIL SUPPLY DESERVES CONCERTED ATTENTION OF LESS DEVELOPED COUNTRIES.

4. CANADIAN DELEGATE PROPOSED, AND WAS STRONGLY SECONDED BY IRAN, THAT COLOMBO PLAN BUREAU SURVEY PAST AND PROSPECTIVE ASSISTANCE ACTIVITIES IN THE ENERGY FIELD.

5. COMMENT: FRON CORRIDOR AND OTHER DISCUSSIONS IT APPARENT US DELEGATE'S REMARKS HAD SOBERING EFFECT ON DELEGATES FROM THE LESS DEVELOPED COUNTRIES.

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